



PSC NEWS

Missouri Public Service Commission

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PSC Approves Agreement Reached In AmerenUE/ Callaway Electric Cooperative Case

Jefferson City (July 23, 2002)---The Missouri Public Service Commission has approved an agreement which approves a change in supplier for certain customers, authorizes the sale, transfer and assignment of certain distribution facilities and approves a territorial agreement between Union Electric Company (d/b/a AmerenUE) and Callaway Electric Cooperative, Incorporated (Callaway).

On March 25, 2002, AmerenUE and Callaway filed an application with the Missouri Public Service Commission requesting the Commission: 1) approve a change in the electric supplier of approximately 800 structures in Audrain, Boone, Callaway, Montgomery and Warren counties from AmerenUE to Callaway; 2) approve a change in the electric supplier for approximately 600 structures in Audrain, Boone, Callaway, Montgomery and Warren counties from the Callaway to AmerenUE; 3) approve the sale of certain AmerenUE assets that were used to serve the transferred customers; 4) approve a territorial agreement between AmerenUE and Callaway; and 5) grant AmerenUE a certificate of public convenience and necessity for certain portions of Audrain and Callaway counties.

The PSC Staff stated it supported the application and is of the opinion that approval of the change of electric supplier is in the public interest even though there is a rate differential. Staff stated that the Callaway's distribution facilities can provide better and more reliable service than the AmerenUE facilities. Staff also stated that Callaway's distribution facilities are better suited to serve the customers subject to transfer because most of the customers subject to the transfer are in rural areas where Callaway has established distribution substations and facilities to provide reliable electric service. Staff added that the agreement will result in just one supplier for the designated areas and prevent the duplication of facilities, as well as allowing Callaway and AmerenUE to make long-range plans for their designated territory.

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The Commission's order approving the agreement states: "The Commission has reviewed the Application, the Stipulation and Agreement and the suggestions supporting it, and the evidence of record in this matter and finds the Application and the Stipulation and Agreement to be reasonable and in the public interest and will, therefore, approve it."

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Case No. EO-2002-458